



Export Finance Systems, Inc.

July 10, 1996

Mr. Lynn C. Fritz
Chairman of the Board
Chief Executive Officer
Fritz Companies, Inc.
706 Mission Street, Suite 900
San Francisco, CA 94103

Re: **Letter of Intent**

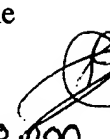
Dear Mr. Fritz:

Further to our prior discussions, we wish to propose the following basis on which Export Finance Systems, Inc. ("EFS") and Fritz Companies, Inc. ("Fritz") might work together:


1. **Form of Strategic Alliance.** EFS will provide its export finance systems expertise and services to Fritz on the following "exclusive" basis:
 - a. The relationship will have an initial term of three years and will be subject to renewal by mutual consent.
 - b. EFS will work with Fritz marketing and sales staff to offer export financing services to Fritz's existing export customers and prospective new customers on a national basis.
 - c. The Fritz corporate marketing department will invest its time and effort to develop a plan and to promote EFS's services to Fritz's customers and prospects.
 - d. Fritz acknowledges that not all EFS export finance customers will be using Fritz freight forwarding and logistic services; however, EFS agrees not to enter into a strategic marketing relationship during the term of the agreement with another freight forwarder or logistics company for the particular services described herein without written approval from Fritz.
 - e. EFS will promote Fritz's transportation logistic services to its customers and prospects whenever possible and appropriate.
 - f. Fritz will have the right to remarket EFS services under the Fritz name, should it choose to do so, provided Fritz coordinates such efforts with EFS's marketing efforts with participating financial institutions.

g. During the term of the agreement Fritz will agree not to offer export financing services which are directly competitive with EFS's services implemented through the EFS System (as defined below) directly or through other parties without first offering EFS the opportunity to provide such services.

2. **Systems Development and Equity Ownership.** EFS has developed and demonstrated to Fritz an integrated computerized export finance system which monitors and tracks all aspects of export trade financing including documentation and insurance. Fritz has an expert systems development staff, hardware and software, all of which can be used to enhance and complete development of the EFS program (as enhanced, the "EFS System"). The parties agree to cooperate on the following basis:

a. Based upon preliminary discussions, demonstration and review of the requirements of EFS's integrated computerized export trade finance system by Fritz's information systems development staff, the initial estimate of the cost to develop and deliver a fully functioning system to EFS is \$500,000. ~~not to exceed~~ \$600,000. 

b. Upon execution of this Letter of Intent, EFS and Fritz will jointly begin the development of a detailed written systems design specification. Based on these specifications, Fritz will provide EFS with a written firm price proposal (the "Proposal") to further design, develop and program the EFS system. This Proposal will include a cost breakdown, describe the assumptions used in arriving at the Proposal, the time needed to complete the project and the delivery date.

 c. Upon EFS's acceptance of Fritz's Proposal, Fritz will further develop the EFS System; each and every version of the EFS System will be owned by or licensed solely to EFS ~~irrevocably and perpetually~~ for no additional compensation.

d. Fritz will provide hardware, software and systems design, programming, networking and consulting services in the development of the EFS System. Upon completion and acceptance of the EFS System, EFS will execute a Convertible Promissory Note (the "Note") in an amount equal to the agreed upon Proposal. The Note will accrue interest at the rate of six percent (6%) per annum. At any time during the term of this agreement, Fritz can elect to convert the Note to EFS common stock. If the value of the agreed upon Proposal does not exceed \$1,000,000, the Note will be convertible into that number of EFS shares as will constitute ten percent (10%) of EFS's then outstanding stock. If by the end of the term of this agreement Fritz has not elected to convert the Note to equity, EFS will repay on demand 25% of the Note, the balance of the Note, plus the accrued but unpaid interest, will be repaid in equal monthly installments over the following twenty-four (24) months.

e. Fritz's commitment to develop the EFS System is conditioned on EFS obtaining a commitment from a financial investor for an equity investment of approximately \$4,000,000.

3. **Confidentiality.** Fritz signed a confidentiality agreement with EFS on February 21, 1996. Its terms remain in full force and effect.

4. **Agreement in Principle Only.** The foregoing proposal is for discussion purposes. Any actual agreement will require further documentation and approvals, including the preparation and approval of the development costs and specifications of the enhanced EFS System, the Note and the license agreement. Except for the intention of the parties to proceed in mutual good faith to conclude these negotiations and for the confidentiality obligation set forth above, this letter sets forth only an agreement in principle and is not binding on the parties hereto. The final documentation, if prepared, will provide for mediation and mandatory arbitration of any disputes which cannot promptly be resolved by the parties. EFS and Fritz shall each bear their respective costs and expenses (including fees and charges of their professionals) incurred in connection with the transaction.

If you would like to proceed with negotiations on the foregoing basis, please so indicate by executing and returning the duplicate copy of this letter which is enclosed.

Very truly yours,

EXPORT FINANCE SYSTEMS, INC.

By: _____

Its: _____

John J. Olsen
President

ACCEPTED BY FRITZ COMPANIES, INC.

By: _____

Its: _____

President